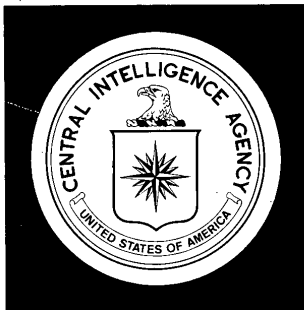




# The President's Daily Brief

*July 30, 1974*

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

July 30, 1974

PRINCIPAL DEVELOPMENTS

The Cyprus peace talks in Geneva recessed last night without agreement on language to describe Turkish troop withdrawals. Foreign Secretary Callaghan predicts a final decision early today.  
(Page 1)

[REDACTED]

25X1

Egypt [REDACTED]  
the USSR. (Page 2)

25X1

[REDACTED] the USSR is keeping a close watch on the situation in Hungary following the removal of several prominent liberals from key party posts this spring. (Page 3)

25X1

[REDACTED]  
China [REDACTED]  
(Page 4)

25X1

The party leadership in Peking has imposed tighter restrictions on wall poster attacks against Chinese officials and is taking steps to prevent the anti-Confucius campaign from disrupting the economy.  
(Page 5)

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Iraq and Egypt have moved toward improved relations with an agreement on joint economic projects valued at \$700 million. (Page 6)

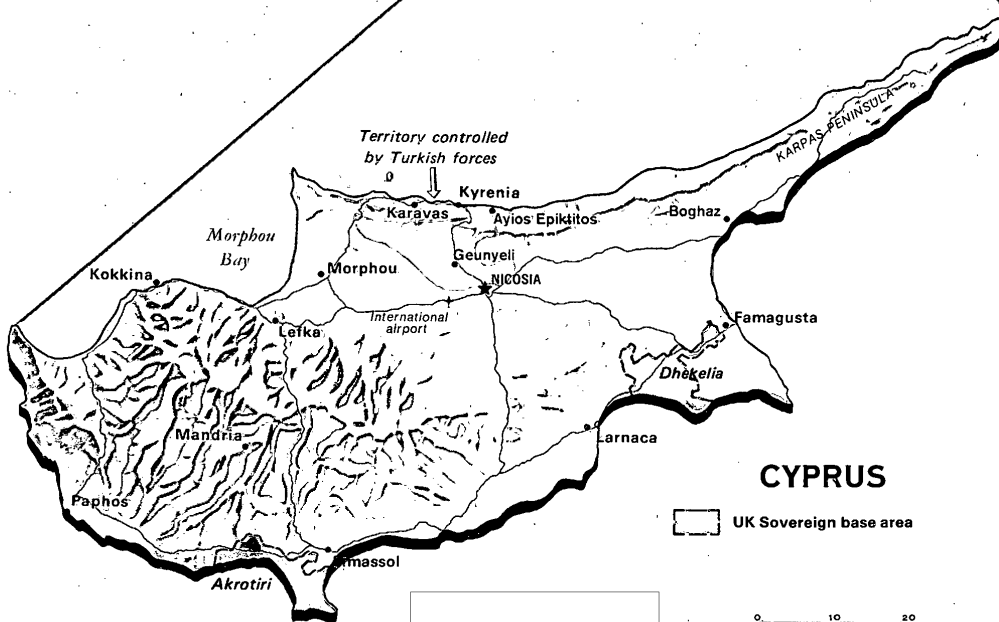
President Velasco has named one of Peru's most radical military leaders as his choice to succeed him if he dies or steps down in the next year.  
(Page 7)

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Notes on Portuguese [REDACTED]  
[REDACTED] and on an Israeli mobilization exercise appear on Page 8.

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## CYPRUS

The Geneva talks recessed last night without agreement on the language to be used in describing Turkish troop withdrawal. Foreign Secretary Callaghan predicts that a final decision will be made early today.

Turkish Prime Minister Ecevit told the press yesterday that his government might sign the tripartite resolution if it includes a formula providing for the gradual evacuation of Turkish troops from Cyprus at an "appropriate" time. The talks have been unable to deal with the timing of Turkish evacuation. Athens would want it to begin as soon as possible, but Ankara will not reduce its troops on Cyprus until a final solution is negotiated that ensures the security of Turkish Cypriots on the island.

The Turkish military is apparently encouraging the government to take a hard line in the peace talks. Foreign Minister Gunes--in an attempt to justify his efforts to negotiate an agreement more favorable to Ankara--told Foreign Secretary Callaghan that his government is having great difficulty with its generals.

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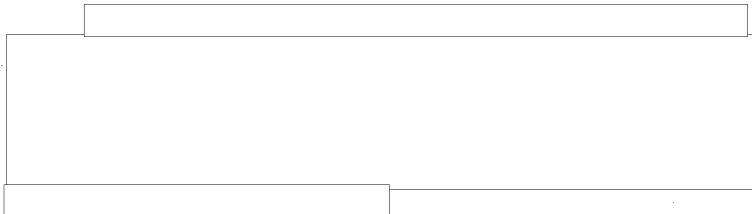
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USSR-EGYPT

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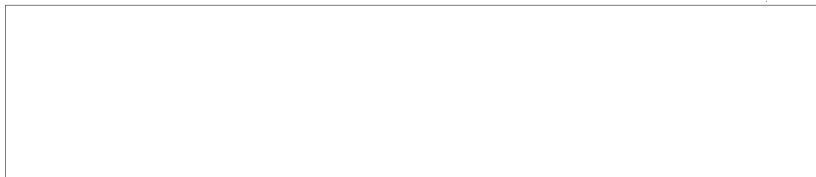


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USSR-HUNGARY

[REDACTED]

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[REDACTED] The political atmosphere in Budapest has been somewhat tense following the removal of several prominent liberals from key party posts this spring [REDACTED]

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[REDACTED]

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Hungarian leaders have taken selective, preventive measures over recent weeks to intimidate protesters. A reliable embassy source reported, for example, that in early July the Hungarian police arrested several dissidents and held them briefly. This unusually harsh measure indicates that the Hungarian leaders were taking a no-nonsense approach [REDACTED]

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[REDACTED]

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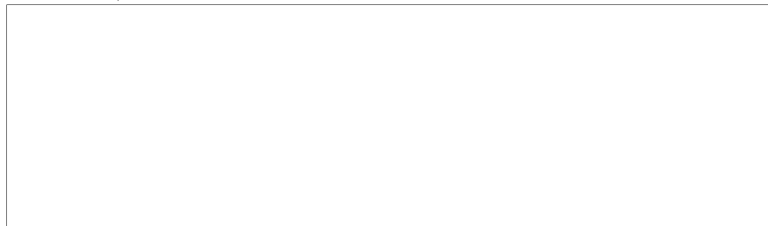
Moscow's desire to keep a close eye on Hungary reflects Soviet awareness that dissatisfaction in Eastern Europe, whatever the immediate causes, can easily touch off latent anti-Soviet feeling there.

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[REDACTED]

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**CHINA**



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*FOR THE PRESIDENT ONLY*

CHINA

The party leadership in Peking has imposed tighter restrictions on wall poster attacks against Chinese officials and is taking steps to prevent the anti-Confucius campaign from disrupting the economy.

Lately, the posters themselves have been fewer in number, and the new ones often include appeals for unity and professions of respect for Chinese leaders. Several Chinese officials have said that accusations made in the posters are being investigated, but it appears that no action has yet been taken against the targets of poster criticism. [REDACTED]

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[REDACTED] the final arbiter of whether the charges are justified is Chou En-lai.

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On the economic front, Chinese media have been giving prominent attention to a recent party directive calling upon workers to concentrate on increasing production. The directive has also been the subject of several wall posters. Peking clearly does not want the anti-Confucius campaign to interfere with farm or factory production. There have been numerous reports that political agitation has caused factory slowdowns during recent months.

*FOR THE PRESIDENT ONLY*

**IRAQ-EGYPT**

Baghdad and Cairo have moved toward improved relations with an agreement on joint economic projects valued at \$700 million. The biggest single project is construction by Egyptians of \$450 million worth of housing in Iraq. The two countries are prepared to discuss further joint ventures worth an additional \$300 million. Together, these agreements would make up the second largest investment and trade package obtained by Egypt since the end of the October war. In essence, they combine Egyptian technical capabilities with Iraqi financing; the Iraqis expect \$7 billion in oil revenues this year, and they are likely to have a huge surplus.

Iraq has been trying in recent weeks to lessen its isolation within the Arab world, caused largely by its opposition to the Arab-Israeli negotiations, and to develop a more balanced international posture. Baghdad has also appeared to be somewhat restive over its close ties with Moscow.

Aside from the economic advantages, Cairo probably welcomes better relations with Baghdad, in part because they help show that Egypt is still the center of the Arab world.

*FOR THE PRESIDENT ONLY*

PERU

President Velasco has named one of Peru's most radical military leaders as his choice to succeed him if he dies or steps down in the next year for health reasons. [REDACTED]

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Velasco's choice is army General Jose Graham, chief of the Presidential Advisory Committee. Velasco had not previously picked any successor, and even now it is the three-man Revolutionary Junta, not the President alone, who formally names him.

There have been other signs that Velasco has become more concerned in recent months with stepping up the pace of the radical overhaul of Peruvian society. The selection of Graham would mean a further hardening of authoritarian policies. The press law announced on July 26, which gives control of all major newspapers to the government, reflects this attitude.

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NOTES

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Portugal

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Israel: A Tel Aviv press report says Israel will conduct a large-scale mobilization exercise within the next few weeks. A large number of reservists will be called up to test the mobilization system and reserve procedures in light of difficulties experienced and lessons learned during the Middle East war last October. Although Israeli reservists are recalled annually for training, a testing of the mobilization system and its public announcement are unusual. The Arabs can be expected to decry the planned mobilization as a manifestation of Israel's continuing "militancy," but thus far there have been no charges that the anticipated Israeli exercise is anything more than a test.

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